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Israel Trade Conference

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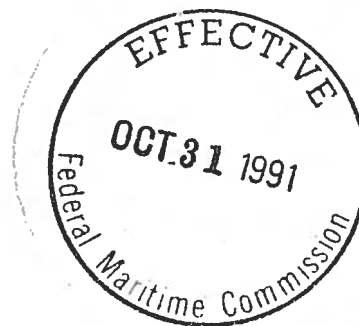


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ISRAEL TRADE CONFERENCE

ARTICLE 1 - NAME

The full name of this Conference shall be the "Israel Trade Conference" ("Conference").

ARTICLE 2 - PURPOSE

The purpose of this Agreement is to promote stability in the Trade and authorize and set forth the governing terms and conditions for the establishment and maintenance by the Parties of agreed rates, charges and practices for or in connection with the transportation of cargo in the Trade.

ARTICLE 3 - PARTIES

The parties to this Agreement ("Parties") are listed in Appendix A.

ARTICLE 4 - GEOGRAPHIC SCOPE

This Agreement covers the all-water and intermodal transportation of cargo, direct or via transshipment, between United States Atlantic, Gulf, Great Lakes and Pacific ports (including, without limitation, ports in the states of Hawaii and Alaska), and United States inland points (microbridge service) and coastal points (minilandbridge service) via such U.S. ports,

on the one hand, and Mediterranean ports of Israel, and Israeli inland points (microbridge service) and Mediterranean coastal points via such ports, on the other hand, whether moving on a through bill of lading or otherwise (the "Trade").

ARTICLE 5 - OVERVIEW OF AGREEMENT AUTHORITY

5.1 The Parties may discuss, agree upon, and establish rates, terms, charges, conditions and practices for or in connection with the transportation of cargo in the Trade, whether or not such rates, terms, charges, conditions and practices are subject to mandatory tariff filing under the Shipping Act of 1984 and/or Federal Maritime Commission (FMC) regulations promulgated pursuant thereto; provided, however, this Agreement shall not cover rates, terms, charges, conditions and practices for or in connection with the transportation of (a) bulk cargoes shipped without mark or count (see 46 C.F.R. § 580.2(b)) and (b) full shipload cargoes carried under charter terms. For purposes hereof, the term "full shipload cargoes" means such cargoes which are shipped by or on behalf of one legal entity where such cargo comprises at least 75% of the rated cargo carrying capacity of the vessel.

5.2 The Parties may discuss, agree upon, and establish the amounts, conditions and terms for the payment of broker and forwarder compensation.

5.3 The Parties may discuss and agree upon the establishment and operation of shipper credit agreements, as well as uniform credit rules, including bonding and/or security requirements, and/or provisions denying credit to any shipper(s), forwarder, or consignee which is in default of or has failed to comply with the credit rules set forth in a Conference tariff or contract, or shipper credit agreement for any shipment moving under a Conference tariff or contract.

5.4 The Parties may declare rates on specified commodities to be "open", with or without agreed minima or special conditions, or may declare the rates on such commodities, or any of them to be "closed". In the event that the rates on any commodities shall be declared "open", the Conference tariffs shall so state and shall designate the extent to which the Conference shall have relinquished control over the booking and transportation thereof.

5.5 The Parties may agree upon and establish tariffs, tariff amendments and supplements.

5.6 The Parties may keep records and statistics, as may be required or deemed helpful to the interest of the Parties.

5.7 The Parties may agree upon such other matters within the jurisdiction of the Conference as may be necessary or advisable to take care of trade conditions as they may arise from time to time.

5.8 The Parties may make arrangements or agreements among themselves:

- (a) with other modes of transportation for the movement of cargo to or from foreign inland points;
- (b) concerning intermodal shipments, inland rates, rules, charges, classifications, practices, liability, bill of lading conditions, per diems, free time and detention on carrier-provided containers, chassis and related equipment, positioning of equipment, interchange with connecting carriers, terminal and shoreside loading operations, including wharfage, free time and demurrage, receipt, handling, storage, pick-up and delivery of cargo, consolidation, container yards, depots and freight stations; and
- (c) such other matters as may be ancillary to the transportation of intermodal shipments, it being the intention of the Parties to include within the scope of this Agreement to the maximum extent as may from time to time be permitted by applicable law, rates, charges and practices relating to movements from and/or to inland points of origin and/or destination whether or not moving under a through bill of lading.

5.8 The Parties may make arrangements or agreements among themselves:

- (a) with other modes of transportation for the movement of cargo to inland points;
- (b) concerning intermodal shipments, inland rates, rules, charges, classifications, practices, liability, bill of lading conditions, per diems, free time and detention on carrier-provided containers, chassis and related equipment, positioning of equipment, interchange with connecting carriers, terminal and shoreside loading operations, including wharfage, free time and demurrage, receipt, handling, storage, pick-up and delivery of cargo, consolidation, container yards, depots and freight stations; and
- (c) such other matters as may be ancillary to the transportation of intermodal shipments, it being the intention of the Parties to include within the scope of this Agreement to the maximum extent as may from time to time be permitted by applicable law, rates, charges and practices relating to movements from and/or to inland points of origin and/or destination whether or not moving under a through bill of lading.

5.9 The Parties may discuss and agree upon all matters pertaining to "alternate port service" which, for purposes of this Agreement, shall mean the use by a Party at its own expense of land or water transportation services or facilities (whether or not owned, controlled, chartered, or operated by a Party) for transportation (eastbound) from a U.S. loading port covered by this Agreement named in the bill of lading to another loading port on the same coast and covered by this Agreement, and for transportation (westbound) from a discharge port covered by this Agreement named in the bill of lading to another discharge port on the same coast and covered by this Agreement. For purposes of this provision the term "coast" shall mean the U.S. Atlantic, Gulf, or Pacific coasts, or Great Lakes. Nothing contained in this Agreement shall authorize the Parties to take any action to prevent a Party from providing a direct vessel service to any port covered by this Agreement.

5.10 The Parties may agree upon and establish service contracts, as per Article 14 hereof, and loyalty contracts (whether or not such contracts are subject to mandatory filing with the FMC under the Shipping Act of 1984 or FMC regulations promulgated pursuant thereto), as well as, without limitation, time-volume rates, time revenue rates, and other volume incentive rates based on a shipper's freight volume or revenue (whether or not such rates are subject to mandatory tariff filing), with

shippers, shippers' associations, and other shippers' groups, consistent with the Shipping Act of 1984.

5.11 The Parties may agree upon, negotiate and discuss with shippers, shippers' associations, or other shippers' groups all matters covered by this Agreement or other matters of common interest.

5.12 The Parties may engage in activities and enter into lawful agreements with rail, air or motor carriers, or carriers by water other than common carriers by water subject to the Shipping Act of 1984, concerning the foreign inland segment of through transportation that is part of transportation provided within the Trade.

5.13 Subject to Article 10 hereof, the Parties may agree upon the terms, organization, and procedures for policing and enforcement of Conference obligations. The Parties may also agree upon the terms, organization, and procedures for cargo inspection systems in the Trade.

5.14 The Parties may establish committees under such terms and conditions as they see fit and delegate any authority (including but not limited to ratemaking authority) granted to the Conference under this Agreement to a committee or jointly to committees.

5.15 Agree upon the terms and conditions pursuant to which a Party may charter space on any other Party's vessel for

the transportation of cargo in the trade covered by this Agreement. Any such chartering agreement entered into for an indefinite term and having a permanent effect on the trade will be filed with the FMC. In addition, the Conference shall submit a semi-annual report stating the names of the parties to chartering arrangements hereunder, the amount of space chartered (expressed in TEU's), the commencement and termination date of such activity, and port or ports to or from which it applies. In the event that no activity has taken place, the report shall so state.

5.16 No Party shall, either individually or jointly with any other Party(ies) or carrier(s), negotiate or enter into an individual loyalty contract with any person or entity for the transportation of cargo in the Trade. Notwithstanding any other provision of this Agreement, no right of independent action (including any rights provided under Article 13.5) shall apply to decisions or actions of the Parties with respect to loyalty contracts or any terms or conditions thereof.

ARTICLE 6 - AGREEMENT OFFICIALS

6.1 The Parties may appoint a Chairman each year in rotation in alphabetical order from among the Lines to preside at Conference meetings. Alternatively, the Parties may designate the Secretary of the Conference or employ another individual as Chairman. In the absence of the Chairman at any meeting, an

the transportation of cargo in the trade covered by this Agreement. Any such chartering agreement entered into for an indefinite term and having a permanent effect on the trade will be filed with the FMC.

5.16 No Party shall, either individually or jointly with any other Party(ies) or carrier(s), negotiate or enter into an individual loyalty contract with any person or entity for the transportation of cargo in the Trade. Notwithstanding any other provision of this Agreement, no right of independent action (including any rights provided under Article 13.5) shall apply to decisions or actions of the Parties with respect to loyalty contracts or any terms or conditions thereof.

ARTICLE 6 - AGREEMENT OFFICIALS

6.1 The Parties may appoint a Chairman each year in rotation in alphabetical order from among the Lines to preside at Conference meetings. Alternatively, the Parties may designate the Secretary of the Conference or employ another individual as Chairman. In the absence of the Chairman at any meeting, an acting Chairman shall be selected for the conduct of the meeting by the Parties present.

6.2 Conference decisions and administrative matters are to be carried out by the Chairman (or a Secretary should one be employed by the Conference).

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6.3 Upon action taken by the Parties in accordance with this Agreement, the Conference Chairman (or, if employed, Secretary) or Conference Counsel (including all members of the law firm of Conference Counsel) are each authorized to execute and file amendments to this Agreement, and any information in support thereof, with the FMC on behalf of the Parties.

ARTICLE 7 - MEMBERSHIP, WITHDRAWAL AND EXPULSION

7.1 Any ocean common carrier as defined in the Shipping Act of 1984, who has been regularly engaged as an ocean common carrier in the Trade or who furnishes evidence of ability and intention in good faith to institute and maintain a regular service in compliance with the lawful terms and conditions in force at the time of application in the Trade and who evidences an ability and intention in good faith to abide by all terms and conditions of this Agreement, may hereafter become a party to this Agreement, upon the approval of the Parties and upon the carrier's signing the Agreement (or a counterpart thereof) and upon the carrier's deposit with the Conference office of the Conference admission fee and no such carrier who has complied with such conditions shall be denied admission or readmission to membership. All applicants for membership shall be required to answer questionnaires to be supplied by the Conference office and all applications shall be voted upon promptly. No admission

shall be effective prior to the effective date of an amendment to this Agreement reflecting the membership change. Prompt notice of denial of admission shall be furnished to the FMC with the full reasons for any denial of admission.

7.2 Any new Party shall, at the time of admission, deposit with the Conference office the sum of \$2,500 (Two Thousand Five Hundred Dollars) (American currency) as admission fee, no part of which shall be returnable to the said Party.

7.3 Membership shall cease upon notice that the service of a Party is abandoned or terminated and upon the effectiveness of an amendment to this Agreement reflecting the change in membership. Irrespective of whether notice of abandonment or termination is given to the Conference, at such time as any Party to this Agreement does not have an entitlement to vote, pursuant to Article 17 hereof, in at least one Conference Rate Committee, such Party shall thereupon be denied the right to vote on all other Conference matters, and the right to vote on all such matters shall be restored only after such Party shall have given satisfactory evidence of entitlement to vote in at least one Rate Committee. Should any Party fail to restore its entitlement to vote in at least one Rate Committee within a period of sixty (60) days after its loss of voting rights under this sub-Article it shall cease to be a Party to this Agreement unless failure to maintain service is occasioned

by war, strikes, force majeure, or other circumstances beyond the Party's reasonable control, in which event, upon the unanimous approval of the Parties and provided application therefore is made prior to the termination of membership, it may be retained as an inactive Party without any vote whatever for the period of the emergency. Approval for inactive membership may be subsequently withdrawn by unanimous action of the voting Parties, however, such inactive membership shall be terminated without any vote in the event that said Party has not furnished to the Conference satisfactory evidence that it has resumed service within sixty (60) days after the cause of the interruption of said Party's service shall have ceased to be operative. The loss of membership pursuant to this article shall become effective upon the effectiveness of an appropriate amendment to this Agreement.

7.4 Any Party may withdraw from the Conference effective sixty (60) days after the receipt of written notice by the Conference office, which shall promptly advise the other Parties of the notice, and upon the effectiveness of an appropriate amendment to this Agreement. If within ten (10) days of the receipt of such notice by the Conference office, any other Party may submit notice of intent to withdraw by the filing of written notice with the Conference office, such latter withdrawal shall become effective upon the same date as the original notice

filed with the Conference office. Any notice of withdrawal filed pursuant to the provisions of this article, may be cancelled by the Party giving same at any time prior to its effective date by written notice to the Conference office, which shall promptly advise the other Parties of such cancellation. The filing of withdrawal notice does not, until same becomes effective, relieve such Party or Parties of their obligations regarding observance of rates, rules and regulations for current and future trading until the effectiveness of the termination of membership.

7.5 No Party who has served a notice of withdrawal shall be entitled to vote on any Conference or Rate Committee matter, the decision with respect to which is to become effective after the effective date of such Party's withdrawal or is to continue in force beyond such date.

7.6 No Party may be expelled against its will from this Conference except for failure to maintain an ocean common carrier service between the ports within the scope of this Agreement or for failure to abide by the terms and conditions of this Agreement and then only by unanimous decision of the other Parties, provided, however, that the Party complained against, and any other Party, whose policy is determined by the same interests owning or controlling the Party complained against, shall have no vote thereon.

ARTICLE 8 - VOTING AND MEETINGS

8.1 Conference meetings (including Rate Committee meetings) shall be held in New York City (or elsewhere as may be agreed) upon notice from the Conference office. Due notice incorporating the subject matter of the meeting shall be given all Parties. A meeting may be called at any time on one business day's written request of a Party, through the Conference office, stating the purposes of the meeting. Interim decisions between meetings can also be reached through correspondence, telephone and telex. In the case of any application for membership, the Conference office will call a meeting within a reasonable period after the receipt of the application for membership for the purpose of taking action upon such application.

8.2 Except as otherwise specifically provided in this Agreement, all decisions with respect to matters within the scope of this Agreement shall be determined as follows:

- If there are two Parties: by unanimous vote.
- If there are three Parties: by a two-thirds majority vote.
- If there are four or more Parties: by a three-fourths majority vote.

Decisions at Rate Committee meetings shall be decided by the members of each Rate Committee by the same voting majority.

as at Conference meetings; provided, however, that if there is only one qualifying member of a Rate Committee, that member alone shall determine the actions of the Committee.

8.3 The number of Parties constituting a quorum at Conference and Rate Committee meetings will be the same as the number of votes required for determination of decisions, and in no event shall a meeting be held unless a quorum is present; provided, however, that with respect to matters requiring unanimous approval under this Agreement all Parties entitled to vote must be present when such matters are considered, With respect to all matter voted upon, each Party shall have one vote.

8.4 Reference in this Agreement to voting by and presence at meetings of all or a specified proportion of Parties and to the proportion of Parties for determining a quorum means only those Parties entitled to vote.

8.5 Amendments to this Agreement, termination of this Agreement, decisions reached by telephone, telex and correspondence polls, and agreements regarding the apportionment of expenses require the unanimous approval of all Parties.

ARTICLE 9 - DURATION AND TERMINATION

9.1 This Agreement has no expiration date.

9.2 This Agreement may be terminated by agreement of the Parties and upon the effectiveness of an appropriate amendment or other notice to the FMC.

ARTICLE 10 - NEUTRAL BODY POLICING

At the written request of any Party, the Conference shall engage the services of an independent neutral body to fully police the obligations of the Conference and its Parties. Any neutral body or other policing system agreed to by the Parties shall be described in an appendix to this Agreement and filed with the FMC pursuant to FMC regulations.

ARTICLE 11 - PROHIBITED ACTS

The Conference shall not engage in conduct prohibited by sections 10(c)(1) or 10(c)(3) of the Shipping Act of 1984.

ARTICLE 12 - CONSULTATION;
SHIPPER'S REQUESTS AND COMPLAINTS

12.1 In the event of a dispute of a commercial nature arising out of actions taken by the Parties, and for purposes of facilitating cooperation with shippers in preventing and eliminating malpractices, written statements may be submitted to the Conference office stating the purpose, nature and basis of the submission. Within a reasonable time thereafter, the

Conference Chairman or other designated Conference representative shall initiate a consultation, orally or in writing, with the submitting entity in order to attempt to amicably resolve any dispute or prevent or eliminate any malpractice.

12.2 Shippers' requests and complaints may be filed in writing with the Conference office. The Conference may prescribe an information sheet for the filing of shipper requests or complaints. Within a reasonable time after receipt of a request or complaint, the Chairman or his designee shall, verbally or in writing, initiate a consultation with the shipper in order to amicably resolve any dispute or prevent or eliminate any malpractice. Notice of the receipt of a complaint or request and any response thereto shall be transmitted promptly to the Parties.

ARTICLE 13 - INDEPENDENT ACTION

13.1 Any Party may take independent action on any rate or service item, whether or not it is required to be filed in a tariff pursuant to section 8(a) of the Shipping Act of 1984, upon ten (10) days notice to the Conference office. The time period shall commence upon receipt by the Conference office, during normal business hours, of a written notice of a Party's intention to exercise independent action. The Conference shall file the rate or service item in the tariff for use by the Party effective

no later than ten (10) calendar days after receipt of said notice.

13.2 At any time following the announcement of an independent action by a Party, any other Party may elect to adopt the independent rate or service item, effective on or after the effective date announced by the Party taking independent action, by providing written notice of such intention. If another Party decides to adopt the independent rate or service item, the Conference shall file the rate or service item on behalf of that Party.

13.3 Except as permitted by Article 13.2 and 13.4, no Party may alter or amend the terms of any service or rate item on which independent action may be taken, whether or not such item has been or is the subject of independent action, and whether or not that action has become effective, without first providing notice in accordance with Article 13.1.

13.4 Upon receipt of a Party's notice of independent action, the Conference shall promptly advise all Parties in writing of the notice and its contents. Upon the request of two or more Parties, a Conference meeting shall be convened prior to the date such independent action is to be effective. Prior to giving notice of any independent action hereunder, each Party is encouraged, but is not required, first to propose to the Conference that the Conference itself take the action and to

permit the Conference to act thereon at a meeting. At any time before or after a Party has given notice of independent action, and at any time before or after an independent action becomes effective, the Parties may discuss and adopt as a Conference action the proposed or effective independent action or may take any other action in response to the announced independent action, including action for the purpose of reaching a compromise. For purposes of implementing the foregoing authority, two or more of the Parties may, at any meeting (or by poll) consider and agree to, and thereafter implement, proposals providing for the individual, joint, or reciprocal modification, adoption, cancellation, or expiration of one or more proposed, pending, or effective independent actions of one or more of the Parties. The agreement by a Party to a proposal to modify, adopt, cancel or expire an independent action shall not restrict the subsequent exercise of such Party's right of independent action pursuant to the terms of Article 13 hereof. Further, unless adopted without modification by the Parties, no proposed or effective independent action of any Party shall be cancelled or altered without such Party's consent. Nothing in this sub-Article shall require a Party proposing independent action to attend any meeting called by the Conference to discuss the independent action.

13.5 Notwithstanding any other provision of this Agreement, including, but not limited to, sub-Article 13.3, any

Party may disassociate itself from any Conference or Rate Committee action on a rate or service item by giving verbal notice at the meeting at which the action is taken or by giving written notice to the other Parties or Rate Committee members within 24 hours of such meeting; provided, however, any Party wishing to tender written notice after a meeting may not disassociate itself from any action on a rate or service item at any time after the rate or service item has been filed with the FMC and becomes effective. In any event a Party is disassociated from an action on a rate or service item, such action shall not apply to the Party. Instead, the rate or service or item applicable to the disassociating Party shall be that which was applicable to the Party at the time of convening of the meeting at which the action was taken. Upon the filing of a Conference or Rate Committee action with the FMC, the Conference shall also make an appropriate filing providing for the application of the appropriate rate or service item to the disassociating Party. Any subsequent modification of this rate or service item by the disassociating party shall be accomplished pursuant to sub-Article 13.1, unless taken as part of a Conference or Rate Committee action.

13.6 So long as it is required by the Tariff Act of 1930, as amended, any Party may, under the terms and conditions set forth in this Article 13, take independent action with

respect to freight forwarder compensation to ocean freight forwarders who are licensed as customs brokers by the U.S. Department of the Treasury.

ARTICLE 14 - SERVICE CONTRACTS

14.1 The Parties shall be authorized to jointly negotiate, agree upon, offer and enter into service contracts (including time/volume contracts and time/revenue contracts) (referred to hereafter as "contracts") for the transportation of cargo in the Trade (whether or not such cargo is exempt from the contract filing requirements pursuant to Section 8 of the Shipping Act of 1984) with shippers, shippers' associations, and other shippers' groups. Except as so agreed in the preceding sentence, no party shall, individually or jointly with any other Party or other carrier, negotiate or enter into a contract with any person or entity for the transportation of cargo in the Trade. Prior to the execution of any contract by the Agreement, any Party may elect not to participate, or to limit its participation therein, in which event the contract shall so specify. Notwithstanding any other provision of the Agreement, no right of independent action (including any rights provided under Article 13.5) shall apply to decisions or actions of the Parties with respect to contracts or any terms or conditions thereof.

ARTICLE 15 - ORGANIZATION AND ADMINISTRATION

15.1 The Conference may hire a full or part-time Secretary and/or Chairman and provide such staff and office facilities as may be deemed necessary for the conduct of the Conference's business. In addition, the Conference may share office space, equipment, personnel, administrative and related facilities with any other conference(s) or rate agreement(s). The Conference headquarters shall be in New York and other offices may be maintained in other locations as the parties may agree from time to time.

15.2 The Conference office shall issue dockets for meetings, keep a record of proceedings, issue minutes and tariffs, rules and regulations, and perform such other duties relevant to this Agreement as may be delegated by the Parties. The Conference by unanimous consent may likewise delegate powers to committees and shall record such action in the minutes.

15.3 The Conference may compile, maintain and/or perform analyses of tonnage, revenue, or other statistics related to the trade and the Parties may distribute and utilize such statistics, or compilations or analyses thereof, as they deem necessary.

15.4 The expenses of Conference maintenance shall be apportioned among the Parties as may be from time to time

unanimously agreed and said expenses shall be promptly paid by the respective Parties.

ARTICLE 16 - MEMBERS' RESPONSIBILITIES

16.1 No Party or its agents shall represent any vessel in the Trade other than those operated for the account of a signatory to this Agreement without the mutual agreement of all the Parties.

16.2 The Parties agree to apply strictly the agreed rates and regulations to all cargo carried by them within the scope of this Agreement. The Parties shall bind their agents to strictly adhere to this Agreement.

16.3 Conference tariffs, contracts, rules, and regulations to be applied for or in connection with the transportation of property, amendments thereto and reissues thereof, and the minutes of meetings shall constitute a complete record of matters dealt with by the Conference and copies thereof shall be furnished to each Party. This Agreement, as it may be amended, and the Conference tariffs, contracts, rules, and regulations, amendments thereto and reissues thereof, shall constitute an up-to-date record of Conference obligations of the Parties of the Conference.

16.4 All freights and other charges for or in connection with such transportation shall be quoted, charged and

collected by the Parties in currency specified in the tariffs or contracts of the Agreement or in its equivalent in other currency at the rate of exchange as of the date such rates and other charges become due and payable, strictly in accordance with the rates, charges, classifications, rules, and regulations adopted by the Parties pursuant to this Agreement and no part thereof shall be, directly or indirectly, refunded or remitted in any manner by any device, except as may be provided in a Conference tariff or contract.

16.5 No Party shall engage either directly or indirectly, through any holding, subsidiary, associated or affiliated company, or otherwise, in the transportation of cargo in the trade at rates or upon terms and conditions other than those agreed upon pursuant to the provisions of this Agreement nor shall it take independent action otherwise than as provided in Article 13, nor shall it act otherwise than as authorized by the Conference.

16.6 No Party or anyone customarily acting on its behalf as agent, sub-agent, manager or otherwise shall represent any non-Conference vessel transporting cargo within the trade.

16.7 No Party shall, except as permitted herein, permit any vessel owned or chartered by it to transport cargo in this Trade on any terms or conditions except those prescribed in the conference tariff, provided, however, that:

- (a) If a Party enters into a bareboat charter, time charter, or a space charter with a non-party for purposes of chartering capacity which the Party will use, the Party must adhere to the terms and conditions of the conference tariff and service contracts; and
- (b) If a Party enters into a bareboat charter, time charter, or a space charter with a non-party, with respect to any capacity chartered out to the non-party, such capacity may not be utilized to move cargoes at rates and charges below those common tariff rates and charges set forth in conference tariffs and service contracts, subject to the requirement that any such agreement to charter capacity out to a non-party shall only be implemented to the extent said arrangement is authorized by an agreement on file and in effect with the Federal Maritime Commission and is otherwise permitted in all respects under the Shipping Act of 1984.

ARTICLE 17 - RATE COMMITTEES

17.1 Each Conference Rate Committee shall have exclusive authority to establish Conference freight rates, charges, rules, terms, practices, contracts, regulations and other matters pertaining to the carriage of cargo within the Rate Committee's scope.

17.2 The Eastbound Rate Committees shall be as follows:

- (a) The North Atlantic Rate Committee covering movements of cargo by direct, transshipment, or alternate port service where such cargo is tendered by the shipper at a U.S. North Atlantic port in the Portland, Maine through Hampton Roads, Virginia range, and by intermodal service where the cargo is tendered at a U.S. North Atlantic coastal point and is loaded on a Party's ocean cargo vessel at a U.S. Atlantic, Gulf, Pacific, or Great Lakes port;
- (b) The South Atlantic Rate Committee covering movements of cargo by direct, transshipment, or alternate port service where such cargo is tendered by the shipper at a U.S. port in the range south of Hampton Roads, Virginia through Key

West, Florida, and by intermodal service where the cargo is tendered at a U.S. South Atlantic coastal point and is loaded on a Party's ocean cargo vessel at a U.S. Atlantic, Gulf, Pacific, or Great Lakes port;

- (c) The Great Lakes Rate Committee covering movements of cargo by direct, transshipment, or alternate port service where such cargo is tendered by the shipper at a U.S. Great Lakes port, and by intermodal service where the cargo is tendered at a U.S. Great Lakes coastal point and is loaded on a Party's ocean cargo vessel at a U.S. Atlantic, Gulf, Pacific, or Great Lakes port;
- (d) The Pacific Rate Committee covering movements of cargo by direct, transshipment, or alternate port service where such cargo is tendered by the shipper at a U.S. Pacific Coast port, and by intermodal service where the cargo is tendered at a Pacific Coast point and is loaded on a Party's ocean cargo vessel at a U.S. Atlantic, Gulf, Pacific, or Great Lakes port;
- (e) The Gulf Rate Committee covering movements of cargo by direct, transshipment, or alternate port service where such cargo is tendered by the

shipper at a U.S. Gulf Coast port, and by intermodal service where the cargo is tendered at a Gulf coastal point and is loaded on a Party's ocean cargo vessel at a U.S. Atlantic, Gulf, Pacific, or Great Lakes port;

- (f) The Intermodal Rate Committee covering movements not subject to any of the foregoing Rate Committees, including, but not limited to, movements where such cargo is tendered at a U.S. inland point and is loaded on a Party's ocean cargo vessel at a U.S. port covered by this Agreement. For purposes hereof all movements of cargo tendered by the shipper at shipper's door shall be considered cargo movements from inland points.

17.3 The Westbound Rate Committees shall be as follows:

- (a) The North Atlantic Rate Committee covering movements of cargo by direct, transshipment, or alternate port service where such cargo is tendered to the shipper at a U.S. North Atlantic port in the Portland, Maine through Hampton Roads, Virginia range, and by intermodal service where the cargo is tendered to the shipper at a U.S.

North Atlantic coastal point after offloading from a Party's ocean cargo vessel at a U.S. Atlantic, Gulf, Pacific, or Great Lakes port;

- (b) The South Atlantic Rate Committee covering movements of cargo by direct, transshipment, or alternate port service where such cargo is tendered to the shipper at a U.S. port in the range south of Hampton Roads, Virginia through Key West, Florida, and by intermodal service where the cargo is tendered to the shipper at a U.S. South Atlantic coastal point after offloading from a Party's ocean cargo vessel at a U.S. Atlantic, Gulf, Pacific, or Great Lakes port;
- (c) The Gulf Rate Committee covering movements of cargo by direct, transshipment, or alternate port service where such cargo is tendered to the shipper at a U.S. Gulf port, and by intermodal service where the cargo is tendered to the shipper at a U.S. Gulf coastal point after offloading from a Party's ocean cargo vessel at a U.S. Atlantic, Gulf, Pacific, or Great Lakes port;
- (d) The Great Lakes Rate Committee covering movements of cargo by direct, transshipment, or alternate port service where such cargo is tendered to the

shipper at a U.S. Great Lakes port, and by intermodal service where the cargo is tendered to the shipper at a U.S. Great Lakes coastal point after offloading from a Party's ocean cargo vessel at a U.S. Atlantic, Gulf, Pacific, or Great Lakes port;

- (e) The Pacific Rate Committee covering movements of cargo by direct, transshipment, or alternate port service where such cargo is tendered to the shipper at a U.S. Pacific Coast port, and by intermodal service where the cargo is tendered to the shipper at a Pacific coastal point after offloading from a Party's ocean cargo vessel at a U.S. Atlantic, Gulf, Pacific, or Great Lakes port;
- (f) The Intermodal Rate Committee covering movements not subject to any of the foregoing Rate Committees, including, but not limited to, movements where such cargo is tendered to the shipper at a U.S. inland point after offloading from a Party's ocean cargo vessel at a U.S. port covered by this Agreement. For purposes hereof all movements of cargo tendered to the shipper at shipper's door shall be considered cargo movements to inland points.

17.4(a) For purposes of this Article, eastbound cargo movements from U.S. coastal points include only those intermodal cargoes tendered by shippers at rail heads or terminals, truck terminals, and ocean carrier port or inland freight terminals with the corporate limits of port cities within the scope of this Agreement.

17.4(b) For purposes of this Article, westbound cargo movements to U.S. coastal points include only those intermodal cargoes tendered to shippers at rail heads or terminals, truck terminals, and ocean carrier port or inland freight terminals within the corporate limits of U.S. port cities within the scope of this Agreement.

17.5 The Parties may establish subcommittees of the foregoing Rate Committees covering the movements of all, portions, or categories of the cargo within the scope of a Rate Committee.

17.6 All or several Rate Committees, or subcommittees thereof, may make decisions regarding cargo within their respective scopes separately or jointly, as the respective Rate Committees see fit. However, except for matters affecting all or part of the Trade in both directions, it is intended that eastbound commercial matters shall be decided by Eastbound Rate Committee(s) and westbound commercial matters shall be decided by Westbound Rate Committee(s).

17.7 A Party may become a voting member of a Rate Committee if it has a direct ocean cargo vessel call at a Rate Committee port within the ninety (90) day period prior to the first day of the month in which a Rate Committee meeting is held or has otherwise transported as an ocean common carrier at least 500 revenue tons of cargo within the jurisdiction of the Rate Committee within the ninety (90) day period prior to the first day of the month in which a Rate Committee meeting is held; provided, however, that entitlement to vote in the Intermodal Rate Committee shall be based solely upon whether a Party has transported 500 revenue tons of cargo within the Intermodal Rate Committee's scope in the ninety (90) day period prior to the first day of the month in which a Rate Committee meeting is held.

Upon the affirmative vote of Rate Committee member(s) entitled to vote, the foregoing requirements for entitlement to vote may be waived in cases of force majeure, strikes, other events beyond the control of a Party, or in the event of the initiation by a Party of ocean common carrier service within a Rate Committee's scope.

ARTICLE 18 - FINANCIAL GUARANTEE

As a guarantee of the prompt payment by the respective Parties of any liabilities, obligations, fines, or any arbitration award rendered against them hereunder, each of the

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Parties agrees to deposit and maintain with the Conference security in the sum of Fifty Thousand Dollars (\$50,000.00) in United States Currency or in United States Government bonds, or an irrevocable letter of credit, or a surety bond. The guarantor and the wording and terms governing such security shall be satisfactory to the Conference. Any interest accruing on funds or bonds deposited shall be for the account of the Party when received by the Conference. Upon notice, each Party shall promptly make such additional deposit consisting of cash, letter of credit or surety bond, so as to maintain the full value of its guarantee as specified above. Any Party not restoring the full value of its guarantee within thirty (30) days following notice will be denied the right to vote on any Conference matter or otherwise participate in Conference affairs until such deficiency in the full value of the guarantee is restored. In the event of the termination of this Agreement or the termination of membership or withdrawal of a Party, the deposit made by the Party concerned shall be returned to it together with any accrued interest in the possession of the Conference, but only after any outstanding liabilities, obligations, fines, or arbitration award have been paid; provided, however, that if there are outstanding matters in arbitration, such deposit will not be returned to the extent of the amount involved until the completion of the